

ARTICLE APPROVED  
ON PAGE 25

NEW YORK DAILY NEWS  
13 FEBRUARY 1981

# Failed bank linked to CIA ripoffs

By JOSEPH VOLZ

Washington (News Bureau)—The mysterious disappearance of New York native Michael Hand after his Australian bank collapsed has sent shockwaves through the ranks of former CIA and military men who served in Vietnam and reportedly poured millions of dollars in illegally obtained funds into the bank.

The episode, which is major news in Australia but until now has gone unnoticed in the United States, threatens to expose a seamy side of CIA and military activities in Southeast Asia—including arms and drug trafficking, dealing on the black market and theft of U.S. funds earmarked for the war effort.

At the time of its collapse, the Nugan-Hand Bank had offices in 16 countries, including the United States. Hand, a decorated Green Beret veteran of Vietnam, signed up as bank representatives all over Asia, military and CIA friends he had met in Vietnam. But the bank, which expanded almost overnight in 1973, folded last year shortly after Hand's Australian partner, Frank Nugan, committed suicide in Sydney, the bank's headquarters. Hand disappeared from Sydney a few weeks later and has not been seen since.

Hand was born in the Bronx in 1941. A graduate of DeWitt Clinton High School, he enlisted in the Army in May 1963 and volunteered for the Green Berets. Three years later he was a war hero, having won the Distinguished Service Medal for his courage in holding off charging Communist troops despite being twice wounded.

By 1973, through some mysterious way, high school graduate Hand—who had once passed the New York State forest ranger test—was into a new line of work: international banking.

Though it is believed he had no sizable amount of money, he and Nugan, who at the time was a wholesale produce dealer, opened their bank in Sydney, capitalizing it for \$1 million. Within months, the bank had offices all over Asia.

INEVITABLY, THE OFFICES of the Nugan-Hand Bank seemed to be located in cities where the CIA had major stations: Hong Kong, Manila, Taipei. And not only in Asia, but the Middle East (Saudi Arabia) and Europe (Britain and West Germany) as well.

Nugan-Hand became known as the "Green Beret Bank" in military circles because so many ex-Green Berets—as well as former CIA officers—went to work for it.

Army Gen. Edwin Black, former commander of U.S. forces in Thailand, became the Hawaiian

representative for Nugan-Hand, while George Faris, a former Green Beret buddy of Hand, worked in the bank's Washington office. Even former Central Intelligence Director William Colby, now a Washington lawyer, represented Nugan briefly in the months before Nugan committed suicide. Colby said Nugan told him he wanted to expand in the United States. The former spy chief said he had "no idea" how or why the Nugan-Hand Bank had prospered so rapidly.

When Nugan died, on Jan. 27, 1980, of what Australian police said was a "self-inflicted" bullet wound, Hand told authorities that Nugan had misappropriated large sums from the bank. It was discovered that millions were missing.

And, soon after, so was Hand.

AUSTRALIAN POLICE have a fugitive warrant out for Hand, who took key bank deposit records with him. They want him on a conspiracy charge.

In the United States, the Customs Service is conducting an investigation into the Nugan-Hand Bank's currency transactions. It is known that the FBI quietly began investigating the bank in Manila and Honolulu, but officials refuse to discuss the inquiry.

A CIA spokesman offered a terse "no comment" when asked if the agency had any connection with the bank. Nugan and Hand got their start as a business team in 1969, forming Australasian and Pacific Holding Ltd., which was described as a "tourism" company. Among the shareholders of the venture were four men who gave their business address as Air America—for years a CIA company.

Colby says he believes Nugan-Hand had no dealings with the CIA. But one former intelligence official says the CIA is particularly vulnerable to fraud by its employes—though few have ever been prosecuted—because of its lax accounting practices.

Often outside groups have been called in to mask CIA interest in a transaction and given virtual carte blanche with the government's checkbook. One example surfaced a few years ago when a Minneapolis law firm was employed to purchase planes in Europe for shipment to the Far East.

CONTINUED